

Foundations of **MARKETING**

Seventh Edition

Chapter 9

Digital Marketing and Social Networking

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Learning Objectives

- 9-1 Define digital media, digital marketing, and electronic marketing.
- 9-2 Summarize the growth and importance of digital marketing
- 9-3 Describe different types of digital media and how they can be used for marketing.
- 9-4 Critique the seven different ways consumers use digital media.
- 9-5 Clarify how digital media affects the four variables of the marketing mix.
- 9-6 Identify legal and ethical considerations in digital marketing.

Discussion Point – New Business Opportunities

An advertisement for Hibu featuring a stylized illustration of several rockets launching from a green cloud against a dark blue night sky with stars and a large moon. The rockets are in various colors: red, blue, yellow, and purple.

Business-boosting digital marketing

Your business can really take off online with hibu digital solutions. We create stunning websites and display ads that'll make your business stand out on phones, laptops and tablets.

And, as we're a Google Premier AdWords SMB partner, we'll manage search for you too, so your investment will work as hard as you do.

Give your business a digital boost at hibu.com or call 877-761-hibu

hibu
made for business™

websites • mobile and tablet sites • e-commerce • search marketing • display advertising

Source: hibu (UK) Limited 2014

Hibu has taken advantage of the new business opportunities of digital marketing by promoting its expertise in website development, display advertising, and search marketing.

What digital media sites can organizations use to promote their business and create company awareness?

Defining Digital Marketing

- **Digital media** - electronic media that function using digital codes
- **Digital marketing** - develops communication and exchanges with customers through all digital media
- **Electronic marketing (e-marketing)** - using digital media and digital marketing to
 - Distribute, promote, and price products
 - Discover the desires of customers
 - Help marketers to share information to the customers

Growth and Benefits of Digital Marketing

- Share information
- Communicate and develop relationships
- Share information
- Small businesses - reach new markets and access inexpensive communication channels
- Large businesses - use supplement their brick-and-mortar stores

Characteristics of Online Media

Characteristic	Definition
Addressability	Marketers' ability to identify customers before they make a purchase
Interactivity	Customers' ability to express their needs and wants directly to the firm In response to the firm's marketing communications
Accessibility	Marketers' ability to obtain digital information
Connectivity	Consumers' ability to be connected with marketers along with other consumers
Control	Customer's ability to regulate the information they view and the rate and exposure to that information

Examples of Online Media

Characteristic

Example

Addressability

Amazon installs cookies on a user's computer that allow the company to identify the user when he or she returns to the website.

Interactivity

Texas Instruments interacts with its customers on its Facebook page by answering concerns and posting updates.

Accessibility

Google can use Web searches done through its search engine to learn about customer interests.

Connectivity

Mary Kay offers users the opportunity to sign up for My MK, a system that connects customers with beauty consultants and allows them to develop their own personalized space.

Control

Consumers use Kayak.com to discover the best travel deals.

Discussion Point – Benefits of Digital Marketing



Consumers are increasingly using digital devices to pay for purchases rather than using cash.

Do you use digital devices to pay for purchases? What devices do you use?

Table 9.1 – Characteristics of Online Media

Characteristic	Definition	Example
Addressability	The ability of the marketer to identify customers before they make a purchase	Amazon installs cookies on a user's computer that allow the company to identify the user when he or she returns to the website
Interactivity	The ability of customers to express their needs and wants directly to the firm in response to its marketing communications	Texas Instruments interacts with its customers on its Facebook page by answering concerns and posting updates
Accessibility	The ability for marketers to obtain digital information	Google can use Web searches done through its search engine to learn about customer interests
Connectivity	The ability for consumers to be connected with marketers along with other consumers	Mary Kay offers users the opportunity to sign up for My MK, a system that connects customers with beauty consultants and allows them to develop their own personalized space
Control	The customer's ability to regulate the information they view as well as the rate and exposure to that information	Consumers use Kayak.com to discover the best travel deals

Consumer-Generated Marketing and Digital Media

- Trends have caused consumer-generated information to gain importance.
 - Use of blogs or digital media by consumers to publish their thoughts, opinions, reviews, and product discussions
 - Consumers' tendencies to trust other consumers over corporations
- Forums help marketers interact with consumers.

Types of Digital Media

Social networking sites

Blogs and wikis

Media-sharing sites

Virtual reality sites

Mobile devices

Applications and widgets

Social Network

- **Social network** – a Web-based meeting place that allows users to create a profile and connect with other users
 - Get acquainted; keep in touch
 - Build a work-related network
- Marketers use them to
 - Promote products
 - Handle questions and complaints
 - Assist customers in buying decisions

Social Network

Facebook

- Market products and interact with consumers
- Take advantage of free publicity
- Engage in e-commerce; relationship marketing, making consumers feel more connected to their products

Twitter

- Hybrid of a social networking site and a micro-blogging site
- Enhance customer service, create publicity about products, and gain a competitive advantage

Google+

- Capitalize on growing user base
- Display and share posts

Discussion Point - Twitter

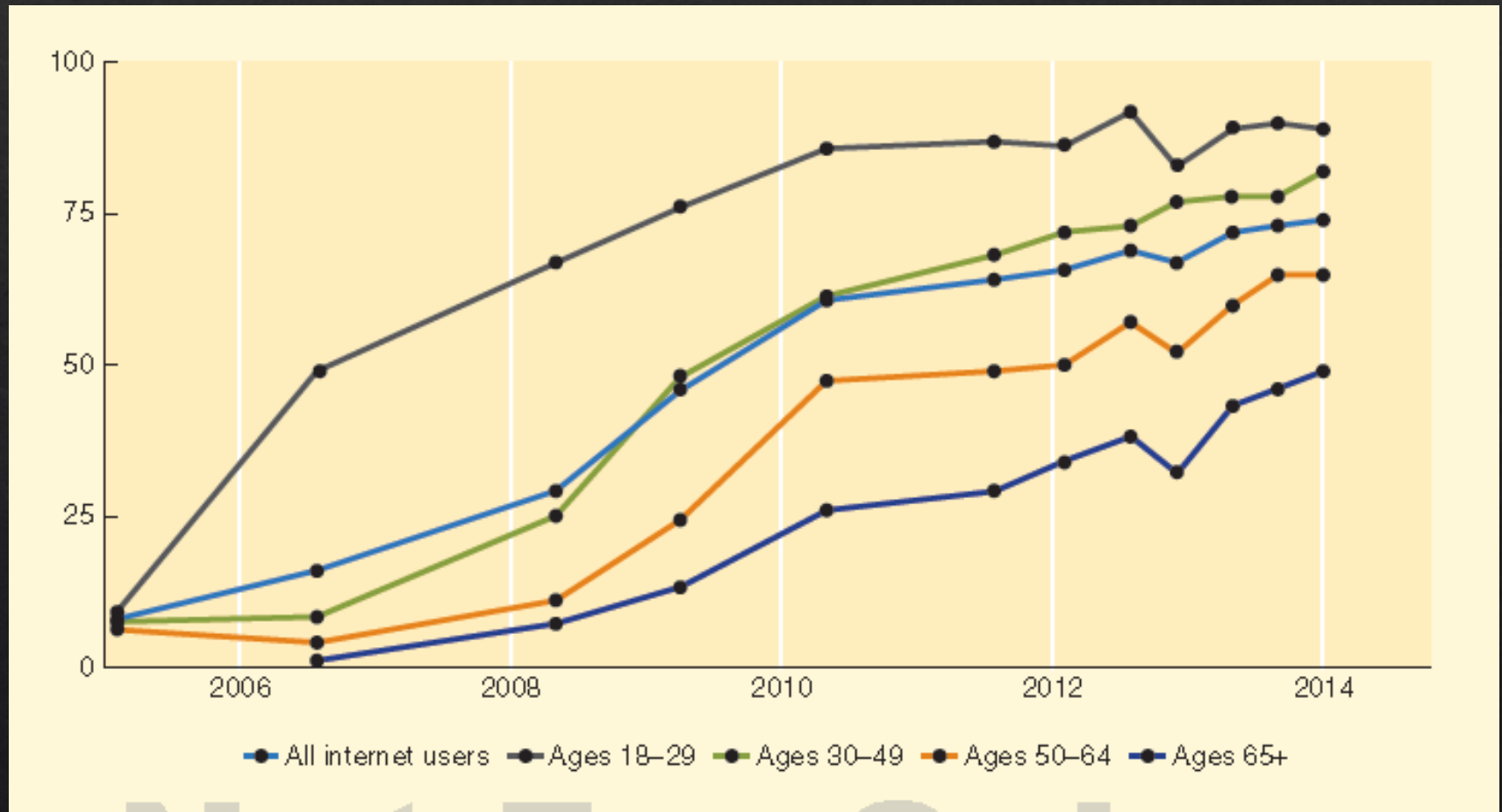


Ingvar Bjork/Shutterstock.com

Twitter's global reach has attracted the attention of marketers. Online advertising through the site is increasing.

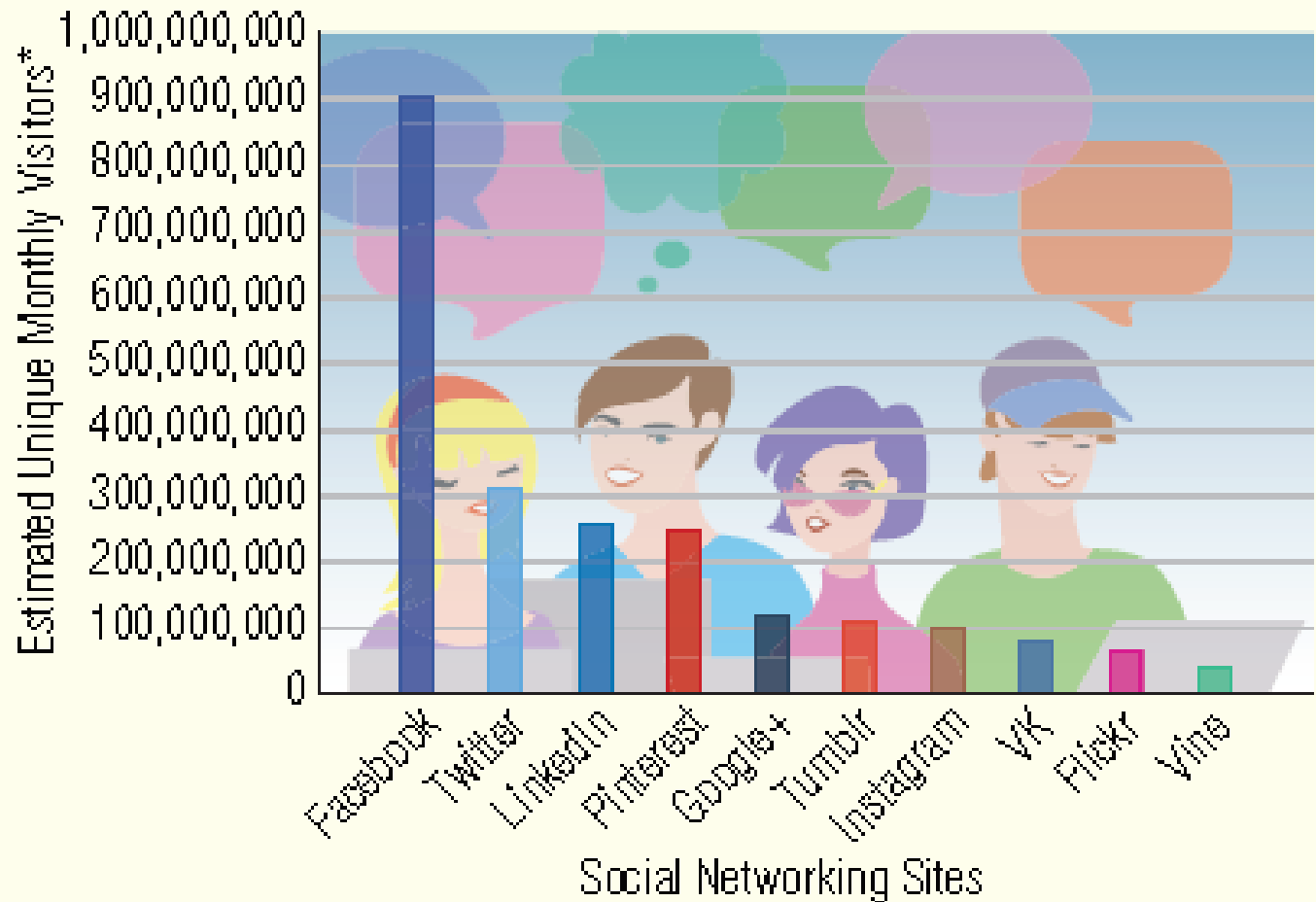
Can Twitter really help a business market products and services?

Figure 9.1 – Social Networking Usage by Age

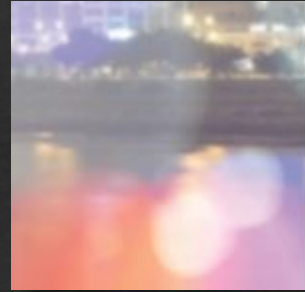


SNAPSHOT

Most Popular Global Social Networking Sites



Discussion Point - Twitter



Ingvar Bjork/Shutterstock.com



Twitter's global reach has attracted the attention of marketers, Online advertising through the site is increasing.

Do you use Twitter? Do you pay attention to the advertising?

Blogs

Blogs – Web-based journal where writers can editorialize and interact with other Internet users

- Give consumers control and can affect the image of a company
- Used by corporations to
 - Answer consumer concerns
 - Defend their corporate reputations

Discussion Point - Blogs



Source: iStock.com/fazon1

Popular blog-publishing websites provide opportunities for creating original content.

How do blogs give you insight into your audience?

Wikis

Wiki – software that creates an interface enabling users to add or edit the content of some types of websites

- Used as an internal tool for teams on projects requiring lots of documentation
- Provides companies with a better idea of how consumers feel about the company brand

Media Sharing Sites

- Allow businesses to share their corporate messages in more visual ways
- Limited in scope in how companies interact with consumers
- More promotional than reactive
- Popularity of these sites provides wide reach

Photo-Sharing Sites

- Allow users to upload and share their photos with the world
- Companies can market themselves by displaying snapshots of their
 - Corporate events
 - Staff and products

Video Sharing Sites

- Allow users to upload videos
- Companies can upload ads and informational videos about their products

Discussion Point - YouTube



Source: PIXXart/Shutterstock.com



YouTube is the most popular video sharing site on the Web, offering marketers a great opportunity to interact with viewers.

What does it mean when a video goes viral on the Internet?

Podcasts

Podcast – an audio or video file that can be downloaded from the Internet with a subscription

- Automatically delivers new content to listening devices or personal computers
- Create brand awareness, promote products, and encourage customer loyalty

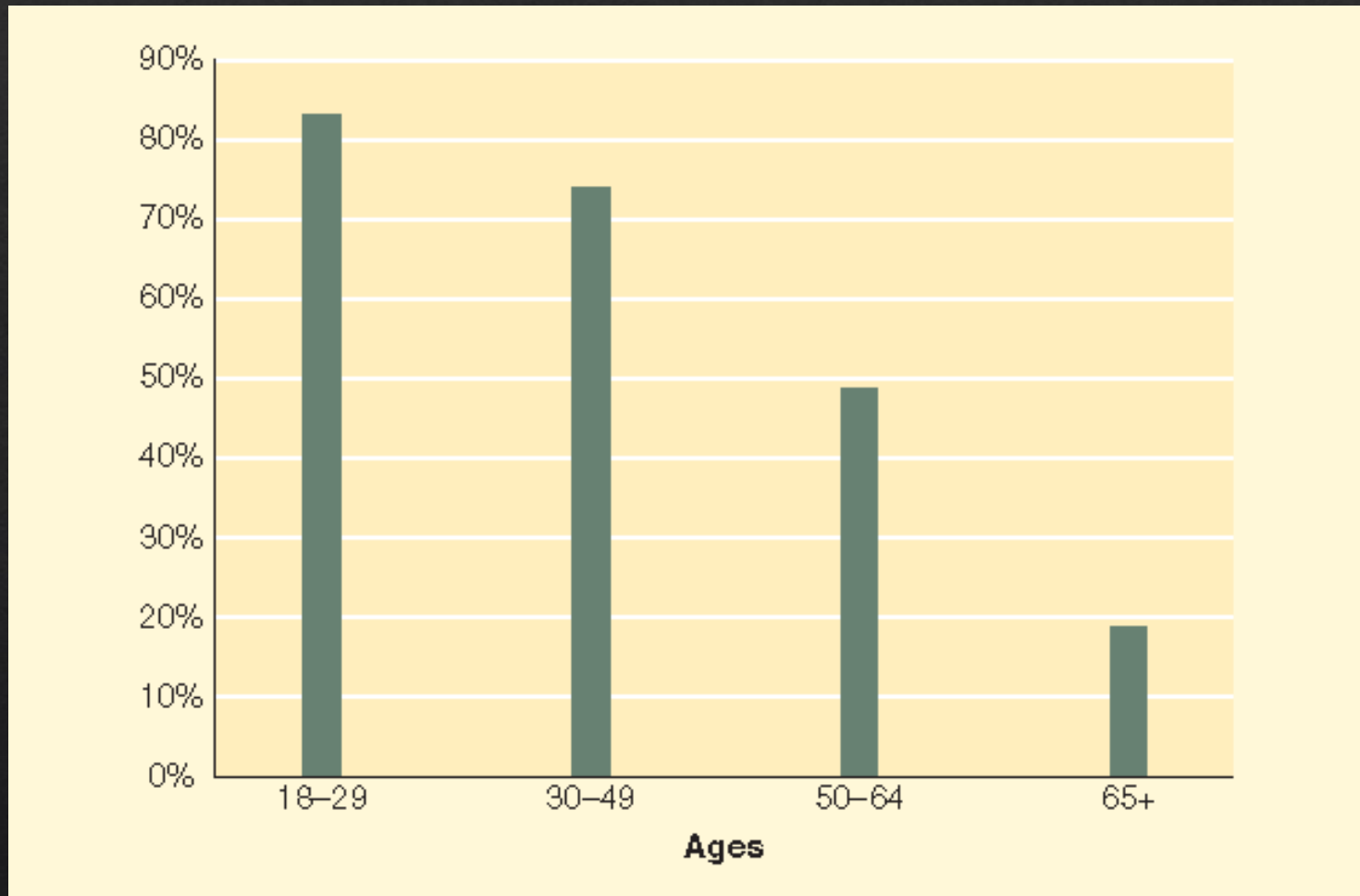
Virtual Sites

- User-created, three-dimensional worlds that have their own
 - Economies and currencies
 - Lands and residents
- Offer opportunities for marketers to connect with consumers in unique ways

Mobile Devices

- Allow customers to leave their desktops and access digital networks from anywhere
- Common mobile marketing tools
 - SMS messages and multimedia messages
 - Mobile advertisements
 - Mobile websites
 - Location-based networks
 - **Mobile application** – a software program that run on mobile devices and give users access to certain content

Figure 9.2 - Smartphone Ownership by Age



Applications

Applications – add a new layer to the marketing environment

- Offer convenience and cost savings to consumers
- Offer additional incentives to consumers
- Allow shoppers to compare prices or download electronic discounts

Discussion Point - Mobile Application



Source: The Economist Newspaper Limited



Readers of *The Economist* can now receive up-to-date stories on-the-go with the Economist Traveller Briefing App.

What are the pros and cons of using a mobile payment system?

Widgets (Grammarly)

Widgets - small bits of software on a website, desktop, or mobile device that enable users to interface with the application and operating system

- Enables users to interface with the application and operating system
- Used to
 - Personalize webpages
 - Alert users to company information
 - Spread product awareness

Changing Digital Media Behaviors of Consumers

- Consumers able to regulate the information that they view
- Result of digital media for marketers
 - Free publicity from positive feedback
 - Information about the consumer
 - Examine how consumers use the Internet
 - Track the success of their online marketing campaigns

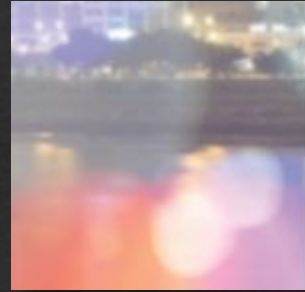
Online Consumer Behavior

- Creators – create their own media outlets, such as blogs and podcasts,
- Conversationalists – update their social media status regularly
- Critics – people who comment on blogs or post ratings and reviews
- Collectors – gather information and organize content generated by critics and creators
- Joiners – anyone who becomes a member of a social networking site
- Spectators – a consumer who reads content from other consumers but does not create content themselves
- Inactives – do not participate in digital online media

Table 9.2 - Social Technographics

Creators	Publish a blog Publish personal webpages Upload original video Upload original audio/music Write articles or stories and post them
Conversationalists	Update status on social networking sites Post updates on Twitter
Critics	Post ratings/reviews of products Comment on someone else's blog Contribute to online forums Contribute to/edit articles in a wiki
Collectors	Use RSS feeds Add tags to webpages or photos "Vote" for websites online
Joiners	Maintain profile on a social networking site Visit social networking sites
Spectators	Read blogs Watch video from other users Listen to podcasts Read online forums Read customer ratings/reviews
Inactives	None of the activities

Discussion Point - Critics



Source: Gil C/Shutterstock.com

With more than 67 million local reviews, Yelp is one of the most popular review websites for consumers researching businesses.

*Have you visited the Yelp Website?
Are the reviews helpful?*

E-Marketing Strategy

- Internet use growing at a high rate
- More online shoppers
- Essential for businesses to
 - Effectively use new social media
 - Use digital marketing to gain or maintain market share

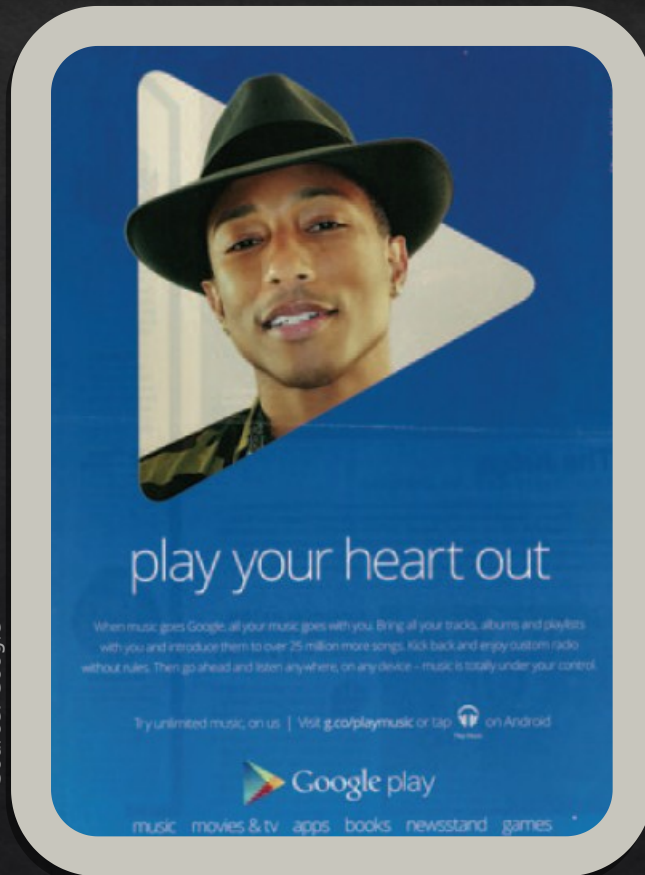
Product Considerations

- Opportunity to add a service dimension to traditional products
- Opportunity to create products accessible only on the Internet
- Ability to access product information for any product impacts buyer decision making
- Essential for continually upgrading products to meet consumer needs

Discussion Point - Online Products



Source: Google



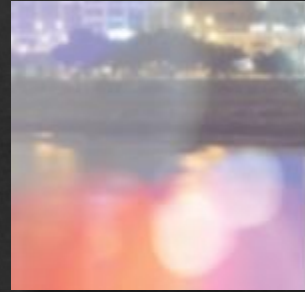
Google Play sells intangible products that are online, including apps, movies and television, music, books, and games.

What products have you purchased that are only available online?

Pricing Considerations

- More access for consumers to information about costs and prices
- Daily deal sites
- Filter searchers by price
- Compare prices with other competitors
- E-commerce stores on social media sites to process transactions

Discussion Point – Pricing Considerations



ShopStyle.com markets itself as a digital destination that links users to the fashion stores and brands that suit their needs. This advertisement emphasizes ShopStyle.com's exclusive daily offers, facilitating price competition on the Web.

Does free shipping affect online purchases?

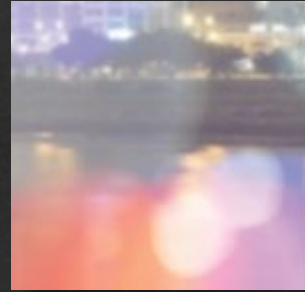
Distribution Considerations

- Makes products available at the right time, place, and in right quantities
- Helps businesses increase efficiency
- Push-pull dynamic
 - Push products through the marketing channel to consumers
 - Enable customers to pull products through the marketing channel

Promotion Considerations

- Allows marketers to approach promotion in new, creative ways
- Increases brand awareness and markets to consumers
- Traditional promotional events can be enhanced or replaced by digital media

Discussion Point – B2B Promotion



Source: International Business Machines Corporation 2013



Is your business trapped behind a bad app?

About 90% of people who have mobile devices use more than one per day. Smaller enterprises are developing apps that can work across platforms seamlessly, with a mobile experience that runs on a single framework, some businesses can avoid the glitches that frustrate customers, helping them see sales increases of up to 50%.

That's the Mobile vs. a Better for Mobile.

IBM

IBM.com/mobileapp

IBM markets its digital solutions to businesses that are having difficulty connecting with customers over multiple mobile devices.

What are the advantages for B2B marketers to create marketing platforms for mobile devices?

Ethical and Legal Issues

Privacy

Online fraud

Intellectual
property

Privacy

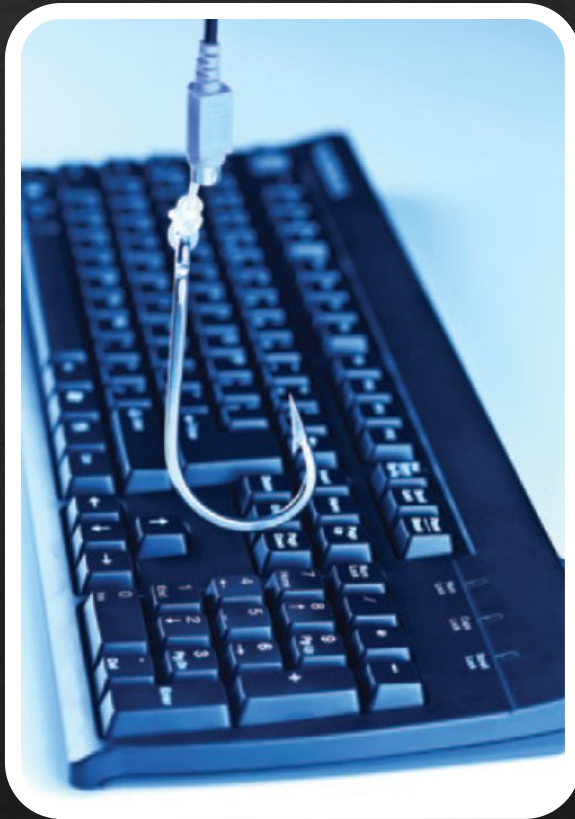
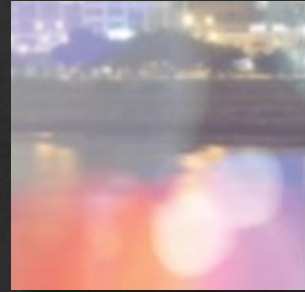
- Misuse of personal information collected from Website visitors
 - May violate user's privacy
 - Hackers can steal personal information
- Counteractive measures
 - Developing regulations to limit the amount of consumer information that can be gathered online
 - Web advertisers are attempting self-regulation

Online Fraud

Online fraud - any attempt to conduct dishonest activities online

- Avenues for fraud
 - Fraudulent profiles on social networking sites
 - Mobile payments
- Counteractive measures
 - Some firms monitor social networks for fraudulent accounts
 - To avoid divulging personal information online

Discussion Point – Online Fraud



Source: Paul Gregg

Phishing is a type of fraud that occurs when cybercriminals trick users into providing their personal information by pretending to be a legitimate Web entity. Cybercriminals then use this information to pose as the user online.

Do you use a different password for each of your online accounts?

Table 9.3 - Best Practices for Digital Marketing Campaigns

1. Implement privacy during the conceptualization phase of the marketing campaign.
2. Disclose all passive tracking systems used to collect information.
3. Data collection involving third parties should involve clear guidelines regarding how the data will be used and who owns it. Provide ways for users to opt-out of tracking or e-mail marketing through visible notices.
4. Screen age of users if appropriate for the campaign. Collecting personal information of children under 13 requires parental consent. If marketing to children is allowed, ensure that the content and language is appropriate for the age range targeted.
5. Ensure that all tracking or data collection activities that occur do not conflict with the company's online privacy policy.
6. Adopt security measures for any data collected from users. User information must be protected, particularly if it is identifiable.
7. Be aware of all legal requirements and industry codes of ethics on digital marketing.

Intellectual Property and Illegal Activity

- Intellectual property - copyrighted or trademarked ideas and creative materials
 - Computer programs
 - Movies
 - Compact discs
 - Books
- Consumers' rationalizations for piracy
 - No money to pay for what they want
 - Peer influence to engage in piracy and swap digital content
 - The thrill of getting away with it and the slim risk of consequence
 - Allows them to show how tech savvy they are

Legal and Ethical Practices

- Respect copyrights.
- Don't steal information from other users.
- Don't copy or use proprietary software if you did not buy it.
- Get authorization to use other people's computer resources.
- Take precaution in exposing information online.
- Consider social consequences of the program you are using, or the system you are designing.